CIO Outlook

Driving digital transformation in 2017
The role of the CIO has never been more challenging. Operational responsibilities, budget pressures, customer expectations, and the demands of the business have combined to create a unique landscape for the CIO to navigate.

CIOs must adapt not only to rapid technological developments and employee demands, but the imminent arrival of the app generation—those who have never known a world without a smartphone—bringing a new set of expectations.

According to Gartner, “thanks to digital, CIOs have an unprecedented opportunity to transform themselves and their departments, and become a key voice at the executive table and boardroom.”

This CIO Outlook report draws on new global research with insight from 292 CIOs, commissioned by Fuze, to explore the current challenges and strategies of today’s IT business leaders.

What did the findings show? CIOs want to champion digital transformation and innovation, and they have the vision and progressive approach to make it happen.

### FROM CUSTODIAN TO CHAMPION

**FAST FACTS**

<table>
<thead>
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<th>Percentage</th>
<th>Description</th>
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<tr>
<td>8%</td>
<td>the average percentage of an organization’s domestic annual revenue that is spent annually on IT</td>
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<tr>
<td>12%</td>
<td>the average percentage of the IT budget that CIOs are expected to save over the next five years</td>
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<tr>
<td>13%</td>
<td>the average percentage of IT budgets that is spent on implementing and maintaining communications infrastructure and applications</td>
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For CIOs, the pressure to do more with less has never been higher. An overwhelming 91 percent are under pressure to reduce expenditure, and IT departments are spending most of their time simply ‘keeping the lights on’.

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IT COMPLEXITY IS A TIME DRAIN FOR BUSINESSES

IT departments currently spend 83 percent of their time managing IT & communications platforms and resolving user issues, with only 11 percent of their time set aside for planning future innovation.

Yet this is not where CIOs want to focus. A significant 61 percent say senior executives place too much emphasis on cost reduction and 58 percent say they can’t focus on innovation due to other pressures.

How the board views the success of the CIO’s team reflects this ‘operational’ focus, with the primary measure being system and application downtime. But most CIOs want to be measured on innovating the IT department and their ability to shift the emphasis from cost reduction to revenue generation.

The fact is that CIOs want to champion change and take a proactive role in modernizing the enterprise. And there’s a clear belief that IT’s role is fundamental in driving digital transformation.

- 80% of CIOs say it’s ability to innovate is critical to business success
- 80% of CIOs say it can drive business success
- 92% want to lead digital transformation
- 93% want to champion innovation
- 91% want to drive business growth
HEADS IN THE CLOUD

By the end of 2017, an overwhelming 96 percent of CIOs will have a formal cloud strategy in place.

MATURITY LEVELS IN CLOUD STRATEGIES

- **29%** have implemented a formal cloud strategy across the whole organization
- **33%** have implemented a formal cloud strategy across part of the organization
- **22%** are in the process of implementing a formal cloud strategy
- **12%** will implement a cloud strategy in 2017
- **4%** are not planning a formal cloud strategy/don’t know

These cloud maturity levels largely correlate with the presence of an internal advocate for these initiatives. By the end of 2017, 86 percent of enterprises will have a cloud champion who is responsible for driving the cloud strategy.

WHEN FORMAL CLOUD CHAMPIONS WERE INTRODUCED

- **31%** introduced more than three years ago
- **25%** introduced in one to three years
- **19%** introduced within the last year
- **16%** plan to introduce in 2017
- **4%** plan to introduce in one to three years
- **0%** have no plans for a cloud champion
COMMUNICATIONS COMPLEXITIES

It’s no surprise that when it comes to communications, application sprawl is rife in today’s enterprises. CIOs are reporting use of multiple applications for voice and video conferencing, messaging, and screen sharing – and that’s not including those that workers are using without the knowledge or permission of the IT department.

CIOs report a minimum of three communications tools across different categories.

APPLICATION SPRAWL

- **3** voice conferencing applications
- **3** voice conference applications with screen sharing
- **3** video calling
- **3** screen sharing (no voice)
- **4** office collaboration (share files etc.)
- **3** instant messaging
- **3** group messaging
WHAT CONCERNS CIOs ABOUT COMMUNICATIONS INFRASTRUCTURE AND APPLICATIONS

- 87% the time it takes to manage and maintain
- 85% training users on new technologies
- 86% the cost of maintaining and managing on-premise equipment and applications
- 82% the complexity
- 80% providing ongoing support to employees

For the majority (67 percent), reducing the number of communication applications in the next 12 months is important, yet 60 percent also say that investing in new communications technologies is a priority.

While CIOs want to reduce their spend on communications infrastructure by around 15 percent, the key drivers to justify additional investment in new communication approaches lie in improving the communication experience, particularly with those CIOs who identify as progressive and innovative.

TOP THREE DRIVERS FOR ADOPTING NEW COMMUNICATION TECHNOLOGIES

- 54% Improving the customer experience
- 47% Improving enterprise communication
- 43% Reducing operating costs
PREPARING FOR THE **APP GENERATION**

The next generation to enter the workforce defines itself by technology, having never known a world without smartphones and the internet. To these young people, the phrase ‘there’s an app for that’ isn’t just a snappy advertising slogan. It’s a truism and an answer to just about any question. And while it may be a few years until the majority of the app generation join the workforce, the disruptive effect of younger generations is already being felt. In considering the next generation of workers, CIOs feel under-prepared yet excited for the innovation they’ll demand.

- **54%** say they will present issues as they are not used to certain technologies.
- **47%** say additional training will be required on older IT systems.
- **81%** say they will fuel adoption as IT refreshed and updates tech approaches.
- **72%** say there will be more emphasis on innovation due to younger employees.
As the app generation enters the workplace, it will bring a new set of expectations and challenges to today’s IT environments. According to a recent Gartner survey, nearly eight in 10 people believe that the skills and knowledge their organizations have in 10 years will bear little resemblance to the skills and knowledge they have today. While this poses a significant risk to businesses that are ill-prepared for the new generation, it does provide CIOs with the perfect opportunity to convince their organizations of the need to upgrade now.

Catering to the expectations of the App Generation will not only benefit the latest employees, but will also provide a springboard upon which businesses can launch their wider digital transformation strategies. By taking control of their domain and driving innovation, CIOs can be the positive catalyst for change within their businesses, helping to move their companies forward.


Methodology
Fuze commissioned research with 292 corporate CIOs working in organizations of 500+ employees in North America, Australia, and Europe, with an average annual revenue of USD $1.7 billion. The survey was carried out by Vanson Bourne using online and telephone interviews in December 2016.

About Fuze
Fuze is a global, cloud-based unified communications platform. Designed for the way people work, Fuze powers business conversations and insights across the modern enterprise. With a single unified voice, video, and messaging application, people can now communicate anytime, anywhere, across any device.

Learn more at www.fuze.com